

health insurance companies spend an incredible 30 percent of every health care dollar on administration and billing, on exorbitant CEO compensation packages, on advertising, lobbying, and campaign contributions. This amounts to some \$350 billion every single year that is not spent on health care but is spent on wasteful bureaucracy.

It is spent on bureaucrats and on an insurance company telling us why we can't get the insurance we pay for. How many people today are on the phone today arguing with those bureaucrats to try to get the benefits they paid for? It is spent on staff in a physician's office who spend all their time submitting claims. They are not treating people; they are submitting claims. It is spent on hundreds of people working in the basement of hospitals who are not delivering babies, not treating people with cancer. They are not making people well. They are sending out bills. That is the system we have decided to have. We send out bills, and we spend hundreds of billions of dollars doing that rather than bringing primary health care physicians into rural areas, rather than getting the doctors, dentists, and nurses we need.

Let me give a few outrageous examples. Everyone knows this country is in the midst of a major crisis in primary health care. We lack doctors. We lack nurses. We lack dentists—a major crisis getting worse every single day. Yet while we are unable to produce those desperately needed doctors and nurses and dentists, we are producing legions of insurance company bureaucrats.

Here is a chart which deals with that issue. What this chart shows is that over the last three decades, the number of administrative personnel, bureaucrats who do nothing to cure our illnesses or keep us well, the number of bureaucrats has grown by 25 times the number of physicians. This is growth in the number of doctors—nonexistent. This is growth in the number of health care bureaucrats on the phone today telling you why you can't get the health care coverage you paid for or telling you that you have a preexisting condition and throwing you off health care because you committed the crime last year of getting sick. That growth is through the roof. This is where our health care dollars are going. This is why we need a single-payer system.

According to Dr. Uwe Reinhardt in testimony before Congress, Duke University Hospital, a very fine hospital, has almost 900 billing clerks to deal with hundreds of distinct managed care contracts. Do you know how many beds they have in that hospital? They have 900 beds. They have 900 bureaucrats involved in billing for 900 beds. Tell me that makes sense.

At a time when the middle class is collapsing and when millions of Americans are unable to afford health insurance, the profits of health insurance companies are soaring. From 2003 to 2007, the combined profits of the Nation's major health insurance compa-

nies increased by 170 percent. While more and more Americans are losing their jobs, the top executives of the industry are receiving lavish compensation packages. In 2007, despite plans to cut 3 to 4 percent of its workforce, Johnson & Johnson found the cash to pay its CEO Weldon \$31.4 million. Ron Williams of Aetna took home over \$38 million, and the head of CIGNA, Edward Hanway, took away \$120 million over 5 years on, and on and on it goes.

So what is the alternative? Let me briefly describe the main features of a Medicare-for-all single-payer system. In terms of access, people getting into health care, this legislation would provide for all necessary medical care without cost sharing or other barriers to treatment. Every American—not 94 percent but 100 percent of America's citizens—would be entitled to care. In terms of choice, the issue is not choice of insurance companies that our Republican friends talk about. The question is choice of doctors, choice of hospitals, choice of therapeutic treatments. Our single-payer legislation would provide full choice of physicians and other licensed providers and hospitals. Importantly—and I know there is some confusion—a single-payer program is a national health insurance program which utilizes a nonprofit, private delivery system. It is not a government-run health care system. It is a government-run insurance program. In other words, people would still be going to the same doctors, still going to the same hospitals and other medical providers.

The only difference is, instead of thousands of separately administered programs run with outrageous waste, there would be one health insurance program in America for Members of Congress, for the poorest people in our country, for all of us. In that process, we would save hundreds of billions of dollars in bureaucratic waste. In terms of benefits, what would you get? A single-payer program covers all medically necessary care, including primary care, emergency care, hospital services, mental health services, prescriptions, eye care, dental care, rehabilitation services, and nursing home care as well. In terms of medical decisions, those decisions under a single-payer program would be made by the doctors and the patients, not by bureaucrats in insurance companies.

If we move toward a single-payer program, we could save \$350 billion a year in administrative simplification, bulk purchasing, improved access with greater use of preventative services, and earlier diagnosis of illness.

People will be able to get to the doctor when they need to rather than waiting until they are sick and ending up in a hospital.

Further, and importantly, like other countries with a national health care program, we would be able to negotiate drug prices with the pharmaceutical industry, and we would end the absurdity of Americans being forced to pay

two, three, five times more for certain drugs than people around the rest of the world.

Every other industrialized country on Earth primarily funds health care from broad-based taxes in the same way we fund the Defense Department, Social Security, and other agencies of government, and that is how we would fund a national health care program.

Let me be specific about how we would pay for this. What this legislation would do is, No. 1, eliminate—underline “eliminate”—all payments to private insurance companies. So people would not be paying premiums to UnitedHealth, WellPoint, Blue Cross Blue Shield, and other private industry companies—not one penny. The reason for that is that private for-profit health insurance companies in this country would no longer exist.

Instead, this legislation would maintain all of the tax revenue that currently flows into public health programs like Medicare, Medicaid, and CHIP, and it would add to that an income tax increase of 2.2 percent and a payroll tax of 8.7 percent. This payroll tax would replace all other employer expenses for employee health care. In other words, employers in this country, from General Motors to a mom-and-pop store in rural America, would no longer be paying one penny toward private insurance revenue.

The income tax would take the place of all current insurance premiums, copays, deductibles, and all other out-of-pocket payments made by individuals. For the vast majority of people, a 2.2-percent income tax is way less than what they now pay for all of those other things. In other words, yes, you would be paying more in taxes. That is true. But you would no longer have to pay for private health insurance, and, at the end of the day, from both a financial perspective and a health security perspective, we would be better off as individuals and as a nation.

What remains in existence—I should add here—is the Veterans' Administration. I believe, and most of us believe, they have a separate set of issues, and the VA would remain as it is.

Let me bring my remarks to a close by giving you an example of where I think we should be going as a country in terms of health care. Oddly enough, the process that I think we should be using is what a small country of 23 million people—the country of Taiwan—did in 1995. In 1995, Taiwan was where we are right now—massive dissatisfaction with a dysfunctional health care system—and they did what we did not do. They said: Let's put together the best commission we can, the smartest people we know. Let's go all over the world. Let's take the best ideas from countries all over the world.

As Dr. Michael Chen, vice president and CFO of Taiwan's National Health Insurance Bureau, explained in an interview earlier this year, the Taiwanese ultimately chose to model their system—after a worldwide search—on